

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3181 - HB 3450**

March 8, 2012

**SUMMARY OF BILL:** Expands the notice requirement for contested case hearings from reasonable notice to 30 days' notice. Prohibits an appeal of an order of continuance in hearings until the order permitting the appeal is issued. Authorizes the petition for attorney fees and costs by persons in contested case hearings.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$9,600/One-Time/FY12-13/Safety  
\$1,100,000/Recurring/Safety/FY12-13 and  
Subsequent Years  
\$96,400/Recurring/DHS/FY12-13 and  
Subsequent Years**

**Assumptions:**

- According to the Department of Safety, the bill provides for attorney fee awards for any Department of Safety case conducted under the Uniform Administrative Procedures Act.
- For purposes of this fiscal note, the Department of Safety assumes that any award of attorney fees will be against the department and not against the local agency.
- According to the Department of Safety, approximately 1,100 cases, or 10% of the yearly case load of 11,000 UAPA cases, could potentially receive attorney fee awards. The number of awards and the award amount cannot be quantified; however, if an award of no less than \$1,000 is awarded, the total yearly awards could increase state expenditures a minimum of \$1,100,000 (1,100 x \$1,000).
- According to the Department of Safety, there could also be an increase in costs to the Attorney General's Office as well as storage issues to the Tennessee Highway Patrol for any case appealed to the Chancery Court. However, these costs cannot be quantified at this time.
- According to the Department of Human Services, the bill has the potential to delay the administrative hearing process. If hearings are delayed beyond the current time limits, there is the potential for increased state costs for benefits to appellants who otherwise might not be eligible to receive them. Since it is unknown how many appellants will choose to receive benefits during the extended hearing time limits or the amount of such benefits they would receive, the increase in state expenditures cannot be estimated and is not quantifiable.

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- DHS estimates one position will be required to investigate and recoup any benefits that were received by ineligible appellants. Any benefits recouped by the department are required to be used in the program to serve clients. The recurring increase in state expenditures for the position is estimated to be \$45,500 (\$40,300 salary and benefits, \$200 supplies, \$3,600 telephone, \$1,400 LAN/WAN connection). There will also be a one-time cost of \$1,200 for a computer.
- The Appeals and Hearings Division within DHS will be required to provide 30 days notice of hearing for all parties. A postcard reminder will cost approximately \$17,400 (29,000 appeals x \$.60 per card).
- According to DHS, in order to complete the administrative hearing process within the established time limits, an additional position will be required which is dedicated to scheduling hearings, rescheduling hearings upon request of the client, and mailing the original notice of hearings and the postcard reminder. The estimated increase in recurring state expenditures for the position will be \$33,500 (\$28,300 salary/benefits, \$200 supplies, \$3,600 telephone, and \$1,400 LAN/WAN connections. There will also be a one-time cost of \$1,200 for a computer.
- DHS currently utilizes an internal computer system, Appeals Resolution Tracking System (ARTS) to track and process appeals. This system is currently coded to process appeals with a 10-day notice of hearing requirement. System modification will be required to accommodate the additional 20 days. DHS estimates 90 man-hours to analyze, design, code and test the modifications. The one-time cost to contract with OIR for IT Pro services will be \$7,200 (90 hours x \$80 hour).
- The total increase in state expenditures for DHS will include one-time costs of \$9,600 (\$1,200 + \$1,200 + \$7,200) and recurring state expenditures of \$96,400 (\$45,500 + \$17,400 + \$33,500).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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